RJ Reynolds Tobacco Company

G. N. Kuruc, Jr.
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FAXED
April 8, 1998

Ms. Maureen Gullick
Wakefern Food Corporation
355 Davidson's Mill Road
Jamesburg, NJ 08831

Dear Maureen:

You are currently receiving $ 1.20 off invoice, on the purchase of WORTH Cigarettes. Based on this week's price increase your new cost will be $ 9.94 per carton. Bottom line this means that a carton of WORTH in Shop Rite is only $ 1.20 below the price of a carton of Branded Savings (DORAL, Basic, GPC). WORTH is not realizing its full sales potential as a Low Cost Brand.

I would like to recommend that we increase the off invoice amount to $ 2.30 per carton. This would give WORTH a $ 2.30 price advantage, and make it a true Low Cost Brand for Shop Rite Customers.

Increasing the off invoice amount can easily be done using the following process:

- Agree to increase the off invoice amount from $1.20 to $ 2.30.
- You will be notified of the order date that the new off invoice will take effect.
- We will pay the $1.10 per carton difference on all cartons of product in the warehouse on the effective date of off invoice increase to offset any losses on the part of Wakefern.
- Notify your stores of the new cost so that retail prices can be adjusted accordingly.

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Source: https://www.industrydocuments.ucsf.edu/docs/rlwy0000

As information, the off invoice amount paid by the Manufacturer dictates the new state minimum price for WORTH. Based on $ 2.30 off invoice, the state minimum for New Jersey Stores would be $ 18.95. At that point your New Jersey Minimum Prices would be:

Full Price Cartons	$ 23.96
Branded Savings	$ 21.51
WORTH	$ 18.95

As you can see, WORTH would have a definite price advantage for Shop Rite Customers.

Please call me if you have any questions.

Sincerely,

Nick

G. N. Kuruc, Jr.
Attachment

cc: J. Rij

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